Advertising Age®

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Fast-talking lady, a takeoff on Federal Express ads, is featured in new Airborne spots depicting a Federal employe responding to a bewildered man trying to locate his overdue package. Spots break today in 15 markets. An Airborne network spot (below) makes a direct comparison with Federal Express service.

Airborne delivers challenge

By ROBERT RAISSMAN

With air freight carriers expected to spend about $160 million on tv advertising this year to push their overnight services, the challenge to market leader Federal Express is intensifying.

And Airborne Freight, one of at least 21 companies in the hot market, is issuing the strongest verbal challenge to the Memphis-based leader.

Airborne, a Seattle company that was not advertising as recently as three years ago, today breaks a $14 million campaign by Della Femina, Travisano & Partners, New York, that features a fast-talking woman, Airborne's answer to Federal's motor-mouth commercial star John Moschitta.

In another spot, an Airborne employe holds up both Federal and Airborne overnight envelopes and challenges the viewer to see which service gets delivered first.

The challenge spot will run on network tv, while Airborne's fast-talker spot, featuring Amy Ivy, is breaking in 15 major markets.

Federal, for its part, recently broke Ally & Gargano's new $25 million campaign—minus Mr. Moschitta—to ask the question: "Why fool around with anyone else?"

While Airborne believes it has reached parity with Federal in terms of service capability, the company is lagging in the number of actual packages shipped overnight.

It is a tight pack behind Federal, with Airborne, the U.S. Postal Service's Express Mail, Emery Worldwide and Purolator Courier all vying for position No. 2.

As for direct Airborne vs. Federal comparisons, for the three months ended June 30, Airborne carried approximately 1.9 million shipments domestically, an average of 29,800 shipments a day. This was an increase of about 8,000 packages per day from the same period last year, when Airborne shipped about 1.4 million packages, or approximately 22,000 packages per day.

During the same three-month period this year, Federal shipped 191,000 pieces a day, an increase of 50,000 over the company's

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Ford will add 2 foreign cars to '85 lineup

By RALPH GRAY and JESSE SNYDER

DETROIT—Ford Motor Co. is set to reap the U.S. marketing fruits of its overseas operations. At least two new cars will cross the oceans to add some punch to Ford's domestic lineup.

They are the Sierra XR4 from Ford of Europe and a version of the Australian Telstar, which is to be modified for the U.S. and made in Mexico.

The European Sierra will carry the XR4 designation in its as-yet-unselected name. It will be marketed by the Lincoln-Mercury division in model year 1985—bowing about a year from now—as a separate brand from the current Lincoln and Mercury labels.

Young & Rubicam, the Lincoln-Mercury agency, is expected to handle advertising for both the Sierra and the Telstar.

Telstar is an offspring of the Ford-Toyo Kogyo marriage in Australia. Ford owns 25% of Toyo Kogyo, and nowhere is the relationship more meaningful than Down Under.

The Telstar is actually the Mazda 626; Mazda is the Toyo Kogyo brand name.

The Telstar, which will replace Mercury's Capri (and may get the Capri name), is front-wheel drive with a five-speed transmission and other goodies like rack-and-pinion steering and four-wheel indepen-

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FCB, NCK merging; unsure of Altschiller

By NANCY MILLMAN

CHICAGO—Foote, Cone & Belding Communications, in a move chief executive officer Norman W. Brown says will "double our size and strength in Europe, Canada and Mexico," is acquiring NCK Organization.

NCK, which Mr. Brown called the "fastest-growing international agency," will be merged into FCB. The NCK name will disappear.

The agreement in principle calls for an exchange of stock.

Publicly held FCB posted 1982 billings of $1.2 billion and revenues of $179.9 million, ranking it 10th among worldwide agencies.

NCK had worldwide billings of $433.5 million in 1982 and gross income of $69.8 million, which included its New York operation, Altschiller, Reitzfeld, Solin/NCK.

However, as FCB was announcing the merger Friday, Darrol B. Solin, president of ARS, was announcing a decision "to end the two-year business relationship" be-

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last minute news

Tanner takes leave from barter company

MEMPHIS—William Tanner, chairman, president and chief executive officer of William B. Tanner Co., has been granted a leave of absence by parent company Media General as a result of the current federal investigation *(see earlier story, Page 2)*. Earl Funk, Tanner senior vp-treasurer, also has been granted a similar leave. James Linen IV, Media General senior vp, has been named acting president-chief executive officer of the barter company, and James S. Evans, president of Media General, was elected chairman of Tanner. Robert T. Sutton, president of Media General's broadcasting division, becomes exec vp.

Ralston introducing Seadog dog food, 2 cereals

ST. LOUIS—Ralston Purina is introducing nationally Seadog brand dry dog food with two fish-flavored, fish-shaped pieces and one beef-flavored cube. Seadog was concept-tested (AA, April 18); it was not market-tested. Advertising, themed "The taste your dog has been fishing for," will include tv, print and couponing, beginning late October or early November. Gardner Advertising is the agency. Additionally, Ralston is launching two new cereals: Donkey Kong Jr. cereal is going into selected markets, including Phoenix. It will be a companion to the national Donkey Kong cereal; both are based on the videogame. Don Tennant Co., Chicago, han-

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Status of exclusivity probe unclear

Stroh gets tv sports time

By CRAIG REISS

Stroh Brewery Co., which had charged the tv networks with illegally selling product exclusivities to advertisers in sports coverage, has made major buys of prime sports programing on all three networks and in two syndicated sports properties.

Stroh last week signed deals to sponsor on a nonexclusive basis "Monday Night Baseball" on ABC in 1984, two Larry Holmes heavyweight championship boxing matches on NBC this year and the "International Racing of Champions" auto race series on CBS next spring.

Stroh also is participating in National Football League games this fall, and it purchased a sponsorship on National Collegiate Athletic Assn. football games, both on CBS.

In addition, the Detroit-based brewery will have major sponsorships in "The Kickoff Classic" college football game tonight, syndicated by Katz Sports, and the pre-Olympics faceoff between the U.S. and Russian amateur hockey teams on Dec. 9.

It is unclear whether these buys will put an end to Stroh's request for a U.S. Justice Department investigation of network practices, or its own threat to sue the tv networks for restraint of trade.

A source at Justice said a decision on whether to proceed with an investigation could be made this week.

While Stroh, claiming that it was prepared to spend $60 million in prime network tv live sports if only it was given a chance, has now broken through the exclusivity barrier in some network sports, sources close to the company still wonder whether the restraint of trade issue has been settled.

These sources contend that the networks, especially ABC, took advantage of the tight Olympic year bud-

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Coffee ads set to break — Page 2

Terrestrial Crush

Procter & Gamble's Crush International is running new advertising to back the recently completed rollout of its reformulated "more orangey" Orange Crush. One tv spot features Ozmo, a spaceship commander, who beams into a teen-ager dance and attempts to spirit away a bottle of Crush. The company continues the theme "Orange lovers have a Crush on us." Cunningham & Walsh, New York, handles.

Get ready for almond butter

By JENNIFER PENDLETON

Is America ready to try an alternative to peanut butter?

California's growing almond industry believes the answer is yes. If that's so, then it may mean the start of a new industry.

With predictions the state's almond production will double within three years from today's 260 million lbs., the largest U.S. almond packer is trying to devlop new uses for the nut. Almond butter is considered its best prospect.

California Almond Growers Exchange, Sacramento, and several other regional manufacturers have been marketing almond butter at health food stores, specialty retail outlets and by mail.

The exchange soon will start an experiment to determine if almond butter can hold its own against peanut butter on supermarket shelves.

In two to five undisclosed western cities, the almond growers' group will test-market two varieties of its Blue Diamond brand almond butter in supermarkets.

CAGE officials will monitor the test to see if

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Pro league, Tanner halt tv package

New York—The new International Football League and William B. Tanner Co. mutually agreed to terminate their letter of agreement on tv rights.

IFL officials could not be reached for comment at press time, but a Tanner executive in Memphis said that no reason was being disclosed.

When asked if the Tanner feasibility study on the embryonic league's chances for spring-summer competition with the U.S. Football League, and on the viability of a $21 million first-year rights fee, were factors, the Tanner official said only that the dollar sum "never was hard and fast," but rather was simply "a starting point."

As for the FBI's investigation into Tanner operations (AA, Aug. 15, *et seq.*), the Tanner executive said: "I don't think there's any connection." He added that he had never heard the subject mentioned during negotiations with IFL officials.

Meanwhile, FBI agents started poring over the more than 30 boxes of materials they seized from Tanner's office. They are looking for evidence to support allegations by former employes that company president William Tanner paid kickbacks to clients and engaged in tax fraud.

Mr. Tanner has denied any wrongdoing.

Media General, the Tanner parent company, also has its own full-scale investigation into the company's practices underway.

Alan Donnahoe, chief executive officer of Media General, said the Richmond, Va.-based media conglomerate has just started to go through the voluminous files. It was granted access to the seized documents Aug. 18.

"I'm not even sure if we have them all copied yet," Mr. Donnahoe said, adding that all the material had been turned over to the company's lawyers for an "independent and thorough investigation.

"This is a very complex matter," he said, explaining that it may be "quite some time" before any conclusions can be reached. "It could be weeks and it could be months," Mr. Donnahoe said.

It also is not clear how quickly the FBI's investigation will move. No charges have been filed, and there was no indication from officials at the bureau's Memphis offices whether any soon would be.

After it examines the Tanner files, the FBI may find

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'Coffee generation' ads set

By SUSAN SPILLMAN

New York—The National Coffee Assn.'s long-awaited advertising campaign aimed at turning the "Pepsi generation" on to coffee (AA, Feb. 14), finally breaks Sept. 11.

In its attempt to reverse a 20-year decline in coffee consumption, the yearlong $24 million campaign will use tv exclusively—much of it cable—with buys targeted to programs that are popular with young adults.

Neither the association nor its agency, Advertising to Women, would discuss the coming commercials. "That's the way it is in advertising; you don't want everyone else to know what you're doing," explained Hilary Hinchman, vp-media director at ATW.

But it was learned that one of the first spots to air will be a fast-paced, quick-cut, life-style montage that shows young people involved in a variety of activities, including studying and playing basketball, and a young tv anchorwoman as she is spruced up before airtime.

One of the shots is of author Kurt Vonnegut, who has a large campus following.

The commercial is set to upbeat rock music, over which the announcer says: "You are the new American society. . .the new coffee generation."

The 30-second spot goes on to say that coffee "picks you up and calms you down" and ends with the message: "Join the coffee achievers."

As reported earlier, subsequent spots are believed to feature sports stars, including Cincinnati Bengals' quarterback Ken Anderson and marathon runner Allison Roe.

Fifty-two-week buys have been made on all three networks and three syndicated shows: "Thicke of the Night," "Solid Gold" and "Fame," plus three cable services: MTV: Music Television, USA Cable Network's "Night Flight" series and superstation WTBS' "Night Tracks."

Spots will break on the broadcast networks first, followed later in the month by the syndicated and cable shows.

In addition to its spots on MTV, the coffee group will be tagged on the channel's hot line, a toll-free 800 number that viewers call to receive updated concert information.

On USA Cable, the association will

(Continued on Page 54)

highlights

Monday, August 29, 1983

Knight-Ridder Newspapers will cease publication of *All Sports*, the daily spinoff of its Pasadena *Star-News*. *See Page 6.*

Hollywood tv producers are planning an advocacy ad campaign to help in their fight against repeal of network tv financial interest and syndication rules by the Federal Communications Commission. *See Page 10.*

Two presidents of companies in the magazine field, Morgan-Grampian Publishing Co. and Select Magazines, are leaving their posts. *See Page 12.*

Playboy Enterprises suffered its second straight annual decline, posting a $17.5 million loss for fiscal year 1983. *See Page 12.*

Derek Daniels, former president-chief executive officer, Playboy Enterprises, is returning to publishing with a new men's magazine called *One Woman*. *See Page 12.*

John E. Heselden, deputy chairman of Gannett Co., has moved into the publisher post of *USA Today*, replacing Philip T. Gialanella. *See Page 12.*

Jerrico Inc. is revamping the menu, advertising and growth strategy of its Long John Silver's Seafood Shoppes. *See Page 14.*

R.J. Reynolds recently added its name to the list of Public Broadcasting Service underwriters. *See Page 20.*

Contact lens marketers are anticipating increased advertising visibility on tv this fall. *See Page 22.*

American consumers are primed for an unprecedented explosion in spending, according to Advertising Age's quarterly Consumer Watch poll. *See Page 26.*

Soft-drink ad spending in newspapers showed the strongest gain among 15 categories surveyed in May by Media Records Inc. *See Page 49.*

Compton Advertising is using an agency version of war games to gain experience in new-product categories. *See Page 52.*

Cover illustration by Jeffrey Toth.

CORPORATE CLOSEUP

Henkel KG, West Germany's No. 1 household products marketer, has kept a low profile in the U.S. But new questions arise as it enters the consumer marketplace here with its Check-Up toothpaste. *See Page 4.*

VIDEOTECH

A.C. Nielsen Co. reports that 39.3% of U.S. households now are wired for cable, with 37 designated market areas achieving over 60% penetration. *See Page 40.*

INTERNATIONAL

Brazil prepares for a hot market battle as Warner Communications' Atari starts local production of its videogames there, under a licensing agreement with Industrias Gradiente. *See Page 32.*

McCann-Erickson South Africa has lost one-third of its business, and its chairman and 24 employes have left to start a new agency with $5.5 million worth of former McCann business. *See Page 32.*

The Swiss Society for TV Publicity has proposed an increase in commercial time to the federal government—from 20 to 25 minutes a day out of an average 10 hours a day of programing. *See Page 33.*

MAGAZINE

The Japanese are testing the perceptions Americans have of the quality of products made in Japan as they continue to manufacture cars and trucks in the U.S. *See Page M-4.*

Maturity Market: Mid-lifers have free time, money to spend and are in better health than ever before, and marketers are finding new ways to reach this vital target area. *See Page M-9.*

A survey of agency chief executives reveals they believe the 15% commission system will prevail. *See Page M-24.*

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Coupon fee hikes seen from study

By NANCY GIGES

A report on the cost of coupon handling, to be released Sept. 12, is expected to spur package goods marketers to raise the per-coupon fee to retailers from 7¢ to 10¢.

The increase would cost couponers an estimated $180 million more a year.

The study is being conducted by Arthur Andersen & Co. and financed by several food and grocery trade associations.

Procter & Gamble, Cincinnati, which has led the industry in past handling-fee hikes—from 3¢ to 5¢ in 1974 and from 5¢ to 7¢ in 1980—would not comment on whether it will go to 10¢ soon.

Traditionally, payments to retailers increase following these studies. An official at the Grocery Manufacturers of America, Washington, one of the trade associations financing this effort, said that there has never been an instance before when such a study did not produce a hike.

But, he added, that decision is one made by companies independently, so the association would not be involved. Furthermore, neither the associations nor member companies will receive any advance

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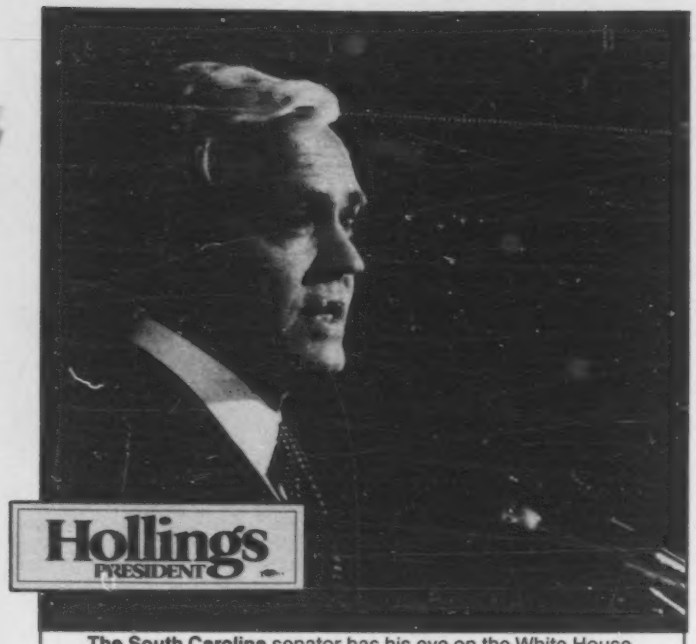

The South Carolina senator has his eye on the White House.

Hollings displays his stump style

By JAMES BRADY

"I am a professional politician."

He looks like one. He is tall, silver-haired. Ruggedly handsome. He is in New York meeting with the fat cats and the local pols and the media and trying hard to get something started in a presidential nomination campaign that even he realizes has only just left the starting blocks.

His name is Ernest F. Hollings. He is a senator from South Carolina. Just about everyone calls him "Fritz."

And on this night in Manhattan, he was attempting to convince people that despite Mondale and Glenn and a spasm of undergraduate enthusiasm for Alan Cranston, Hollings is a man who ought to be taken seriously as a Democratic candidate for 1984.

We were in the lush Park Avenue apartment of Pat Lannan, a splendid old Bourbon with ITT and other boardroom connections, drinks in hand and listening to Fritz Hollings talk about himself and his vision of a better America. Mr. Lannan himself was not there; he was at his place in Palm Beach. But his friend, the fashion designer Mary McFadden, and his ITT associate Ned Gerrity, were playing hosts. They'd gathered a fairly impressive cast of Manhattan charac-

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Networks plot stunts, 'big event' strategies

By JAMES P. FORKAN

NEW YORK—While NBC-TV did away with the show title "The Big Event" several seasons ago, big events remain a major element in the new fall prime time season.

The Big 3 network programers, even as they juggle premiere dates for fall series and judge which episodes should air earliest (AA, Aug. 22), also are grappling with where to place their major movies, specials and miniseries for greatest ratings and counterprograming impact.

Already, there appears to be a large supply of major nonseries stunts penciled into the November sweeps, with other promising events possibly headed for February.

Networks mull positioning on "hot" movies—Page 57

During February, one agency executive said, "ABC should have the easiest time," given the two weeks set aside for the Winter Olympics, an anticipated A.C. Nielsen Co. ratings blockbuster.

Those contacted at major agencies to discuss network plans emphasized that the shows are only penciled in.

Indeed, some leaks to agency buyers could be intended as trial balloons, if not misinformation to throw rival networks off the track as they set out on their counterprograming maneuvers, agency executives noted.

One early-season entry, "Dempsey," has been slotted by CBS for Sept. 28. The three-hour tv movie about heavyweight champ Jack Dempsey is meant to blunt some series premieres that night.

For Oct. 1, CBS tentatively has slated the Burt Reynolds hit "Cannonball Run" partly opposite the 90-minute premiere of a new NBC series, "The Rousters."

For Oct. 2 and 3, NBC will showcase two reliable, prime time ratings-getters: A one-hour, Dick Clark-hosted "TV's Censored Bloopers" and Johnny Carson's two-hour "Tonight" anniversary special, respectively.

According to various industry executives, CBS has earmarked at least three big theatricals for November: "Rocky II," "Mommie Dearest" and "The Four Seasons."

Petry Television executives have been told that "Mommie Dearest" is set for Nov. 8, followed by "Rocky II" on Nov. 9 and "Four Seasons" on Nov. 22. (The latter also has inspired a midseason series commitment, which CBS might begin soon after the

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New Eng. monthly planned

By STUART J. ELLIOTT

A publishing veteran is turning his attention from the Sunbelt to the Frostbelt, and will start a regional monthly magazine for New England.

Robert Nylen, formerly ad director and associate publisher of *Texas Monthly*, plans to bring out the first issue of *New England Monthly* in April, after a circulation test this fall.

It's estimated he has slightly more than $4 million available from venture capital sources to fund the project.

"It's our notion that New England does have a very strong sense of place that crosses over state lines," Mr. Nylen told ADVERTISING AGE last week. "You can hear

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world news roundup

LONDON—Nissan's Datsun automobile account, worth at least $7.7 million, is moving to Saatchi & Saatchi, leaving Mallerman Summerfield & Partners after three years. In another major shift, Kellogg Co. moved its $3 million Coco Pops cereal to Leo Burnett Co. from J. Walter Thompson Co., which handles the rest of Kellogg's cereal business here.

FRANKFURT—Ideal Toy Co. named D'Arcy-MacManus & Masius to handle the launch next month of Coleco videogames in West Germany. Ad budget is near $400,000. DM&M, London, is handling Coleco's U.K. introduction, set for September.

JOHANNESBURG—The Rand Daily Mail, South Africa's troubled-yet-leading morning newspaper, will start publishing a 20-page business news supplement in October. It hopes the five-days-a-week section will increase sagging circulation, which has dropped 28% since 1976 (AA, Aug. 8).

LONDON—N.V. Philips plans to introduce this fall "the world's first tele-newspaper," a 26-in. color tv set containing a miniature printer, which reproduces teletext copy on paper. Agency is Leagas Delaney.

TORONTO—Carr Liggett Inc., Cleveland, opened an office here this month, Carr Liggett Canada, to provide services for U.S. clients with Canadian business interests.

SYDNEY—Rank Major Appliances, marketer of General Electric white and brown goods in Australia, moved its $2 million account to Buchanan Bullpitt & Grey from Magnus Nankervis & Curl, a BBDO In-

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Kodak promo develops ad awareness

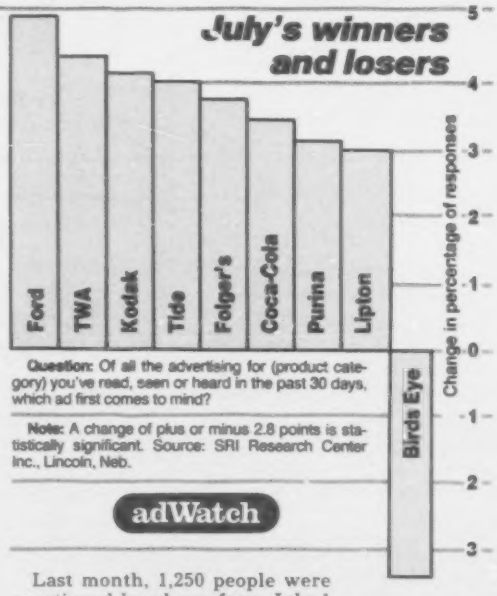
By SCOTT HUME

Eastman Kodak's promotional effort launched last month for its disc camera urges consumers to, "Get it while it's hot." Consumers seem to have at least gotten the message.

Kodak's advertising increased significantly in consumer awareness in July, when 422, or 33.8%, of the 1,250 adults polled for July's adWatch survey named Kodak ads as the first to come to mind among all advertisers for cameras and photographic equipment.

The 4.2-point gain in July was not Kodak's largest one-month increase—that came in April when Kodak advertising rose 9.8 points in awareness—but it did boost the company's share of total advertising awareness in the category to its highest level since the survey began in April, 1982.

AdWatch is a joint project of ADVERTISING AGE and SRI Research Center, Lincoln, Neb. Ad awareness is measured by asking a national random sample of consumers to name the advertising that first comes to mind of all seen, heard or read during the previous 30 days.



Last month, 1,250 people were questioned by phone from July 1 through 21. Under adWatch methodology, an increase or decrease of 2.8 percentage points is considered a statistically significant change attributable to more than variations in the sample itself.

The "Get it while it's hot" advertising and promotion campaign for the disc camera, which broke early

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Candy makers want no tricks

By GAY JERVEY

Candy marketers and their industry associations are inaugurating intensive efforts to make sure that trick-or-treating—and the candy sales it inspires—will not suffer in the lingering wake of last year's scares.

For many marketers, last October become a nightmare as parents kept their ghosts and hobgoblins at home because of the Tylenol poisoning deaths in Chicago.

Candy sales suffered—down 10% to 25%, depending upon the area. Halloween sales normally account for some $1.5 billion of an annual industry total of $5.4 billion.

The incidence of actual candy tamperings turned out to be minimal last year. But banner headlines on the subject caused fears to run high, particularly in the Northeast, the West and other urban pockets.

As a result, for Halloween, 1983, the candy companies began preparing months ago, first through their principal associations, the National Confectioners Assn., the Chocolate Manufacturers Assn. of the USA and the National Candy Wholesalers Assn.

"One good thing that has come out of all of this is that the industry is working together like it never has before," said H.J. Bornhofft, president of Nabisco Confections and an active association leader.

The coalition has enlisted the aid of well-known psychologist Dr. Joyce Brothers as spokeswoman for its drive to make Halloween fun again.

Dr. Brothers will appear in public service spots currently being distributed to 300 stations. She will also tour major cities in October, taking her message to talk shows and the like.

Dr. Brothers will discuss the "psychology of Halloween," explained Dick O'Connell, president

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Kodak promo develops ad awareness

(Continued from Page 3)

last month (AA, July 4), represented a revised marketing strategy for the product.

Kodak's initial advertising for the disc camera, handled by J. Walter Thompson USA, concentrated on selling the concept of disc photography and the convenience of the camera's self-winding feature in a campaign themed, "The pictures you missed before the disc."

The current campaign, backed by a fattened budget, focuses instead on the fun and ease of summertime picture-taking with the disc camera. Additionally, consumers are offered two free packs of Kodak disc film with their purchase.

The disc camera is not Kodak's only advertised product, of course, although 39 of the respondents naming Kodak in July specifically mentioned the disc. A campaign for the company's new Kodacolor VR 35mm films was launched this month, in addition to continuing support for Kodak processing services.

While the boost in awareness for Kodak advertising was significant, it was not the largest gain recorded last month. That distinction belongs to Ford Motor Co.

After a gain of 7.3 points in May, awareness of the auto maker's advertising slipped 2.8 points in June. Last month, however, Ford regained that lost ground (and then some) with a 4.9 point advance.

In July, Ford's advertising, also handled by JWT, came to mind first for 294, or 23.5%, of the survey respondents. That marked a new high score for Ford, giving its advertising awareness a share more than twice that of No. 2 Chevrolet, which increased slightly to 11% in July. Toyota remained No. 3 with 7% of responses.

Ford continues its dramatic tv campaign for its new compact Tempo, featuring the car moving inside the "O" of a huge Tempo sign. That campaign broke in May —when awareness jumped 7.3 points—and still appears to be capturing consumer attention.

In other categories last month:

- A 4.3-point increase in awareness to 9.4% for Trans World Airlines' advertising moved it to third place in the **airlines** category, the first time it has placed among the top three. Displaced was American Airlines, whose awareness fell 2.6 points to 9%, to No. 4. Eastern Air Lines remained No. 1 with 17.8, although No. 2 United Airlines closed the gap with a 2.2-point rise to 16.2%.
- Lipton followed its strong showing in the **coffee & tea** category in June (when its ad awareness led the field with a 4.5-point jump) with its third consecutive increase last month, good enough to tie Maxwell House for the No. 2 spot. Lipton's 3-point rise in July gave it a 16.6% share of mentions, twice the 8.3% share for its advertising in April.

The summer campaign with tennis star Chris Evert Lloyd as spokeswoman for its iced-tea mix sweetened with G.D. Searle & Co.'s NutraSweet continues to build awareness. Folger's regained the No. 1 position it had relinquished last month to Maxwell House with a 3.8-point rise to 19.4%.

- Tide's advertising increased its dominance in the **laundry products** category with a 4-point improvement to 31.6% of mentions. Tide, from Procter & Gamble, has held the No. 1 spot every month, but its share of responses in July was its largest ever. P&G's Cheer moved up a rank to No. 2 with a 1.2-point rise to 5.4%; its Era brand held the No. 3 spot with 3%.
- With hot weather in most of the country, awareness of advertising for both Pepsi-Cola and Coca-Cola showed gains, but Coke had the better of the two to remain No. 1 in the **soft drinks** category. Both also registered their highest shares ever as Coke increased 3.5 points to 28.8% and Pepsi rose 2.7 points to 25% of first mentions. Seven-Up remained No. 3 with 8.1%.
- A heavily backed campaign for its new Happy Cat cat food helped boost awareness of Ralston Purina Co.'s advertising 3.2 points to 11.4% and put it for the first time in the No. 1 spot in the **pet food** category. Allen Products' Alpo, which had held the top spot since October, fell to No. 2 with 9.8%. Purina's Meow Mix held fairly steady with 4.6% in third position.
- Even a 3.3-point decline to 11.1% did not dislodge General Foods' Birds Eye from its hold on the No. 1 spot in the **frozen foods** category. Green Giant held on to No. 2 with a 1-point gain to 5.8%. Swanson's 5.7% share, up from 4.1% in June, kept it in the No. 3 spot.
- No doubt Wendy's hoped for more dramatic results, but its hard-hitting campaign launched in June did result in some increase in ad awareness in the **fast-food** category. Its 6.1% share of first mentions in July was 2.3 points better than June's 3.8% and its largest share ever. McDonald's advertising also rose 2.3 points in consumer awareness last month to 46.9%, while Burger King fell 1.2 points to 16.8%.#

For more information, contact Gary Gabelhouse, SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

There are two kinds of Computer Buyers...

The kind who knows Less than the Computer Dealer,

Stepping lively

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To fee or not to fee

By Merle Kingman

Most agency chiefs believe that the 15% commission system will never die, despite a survey by the Assn. of National Advertisers showing an increase in fee arrangements.

That is the conclusion of an Advertising Age Magazine survey of agency chief executives who were asked whether they believed that the erosion of 15% commissions reported by the ANA (AA, April 25) would continue and that fees eventually will prevail.

Of 29 top agency chiefs replying, 18 said no, fees will not prevail, while 11 said yes, they will. In the larger group, many ad chiefs believed that fees, although not prevailing, will continue to serve as a supplement to commissions.

John G. Avrett, president and chairman, Avrett, Free & Ginsberg, New York, stated the most common argument for 15%: "It is just easier to deal with for most clients," he said.

Robert F. Laws, president, Eisaman, Johns & Laws, Los Angeles, said he believes that some clients who oppose commissions actually want fees that exceed 15%—"they want more service than 15% will provide." The others who balk at commissions don't really oppose the system—"they simply want to pay less than 15%," he contended.

"But it isn't a question of more or less than 15%," he added. "It is a question of more or less service than 15% will cover. There is no future for the client who simply wants to pay less than 15%. His agency must do one of two things: Reduce the service—or go broke."

Less income and less service, he maintained, hurt both client and agency. "We have found," he said, "that the fee system adds more work for accountants, lawyers and auditors and puts a damper on creativity and service. There is too much nitpicking and disagreement, too much unproductive work for both groups.

"The best part about the commission system is that it is easy to understand and operates almost automatically. It can be reviewed periodically. Service can be improved or increased. Or concessions can be made. But the commission system actually reduces the chance of friction, which sooner or later can destroy even a productive agency-client relationship."

One argument against fees was that they permit the client to stick its nose into the agency's business a little too closely. **Ralph Callahan,** president and account services director, Henderson Advertising, Greenville, S.C., argued that the fee system "inevitably gives clients control (direct or indirect) over an agency's conduct of business, i.e., what people, how many, etc."

But many advertisers don't want to bother with any such control, **O. Milton Gossett** suggested. Mr. Gossett, chairman and chief executive officer of Saatchi & Saatchi Compton Worldwide, New York, said: "The future of 15% is assured by the advantages it offers to large advertisers who require the full range of agency services but have no interest in the agency's cost structure."

The ANA study showing commissions losing ground drew criticism. **John Kinsella,** president, Leo Burnett Co., Chicago, asserted that the study "really doesn't tell the whole story. It's based on the number of advertisers and not advertising dollars spent. The company that spends $100,000 gets the same weight in the survey as a company that spends $100 million.

"Our best available information indicates that 90% of all advertising dollars are spent under the commission [or commission plus fee] system. We think this will continue." Mr. Kinsella sees 15% as the best system for large advertisers and large agencies as—"simple and flexible" and "the most efficient way for an advertiser to employ all the resources of a full-service agencey."

Many agency chiefs stressed that no single system is the answer but that a combination is needed. **Raymond J. Sachs,** president, VanSant Dugdale & Co., Baltimore, said: "It's in the interest of client and agency to develop alternative compensation to 15%, but fees aren't the answer. What is needed is a floating commission system: There are times when 8% may provide adequate compensation and others when you need 30%."

The head of one of the nation's largest agencies, who preferred anonymity, endorsed a similar system but termed it a "tailored arrangement." In defense of 15%, he said: "It avoids a 'the meter is running' mentality on the part of both agency and client in the generation of new ideas—ideas that build businesses. It is easy to administer [on both sides] and keeps the focus properly on the most impact from the other 85%.

"While it can be argued that there is not necessarily a relationship between commission income and work effort on any given account, it is even more true that there is no connection between the number of hours an agency spends on an account and the quality of the thinking or the effectiveness of the advertising."

In like manner, **Norman Campbell,** chairman and ceo, Tracy-Locke/BBDO, Dallas, maintained that "supplemental fees or a floor should be established when commissions are inadequate" and a ceiling (in percentage of income or billing) should be set on commissions or profits when they become excessive. And he added another element: "Outside consultants are being used more and more to negotiate agency compensation."

Others supporting a commission-fee combination included **David B. McCall,** chairman and creative director, McCaffrey & McCall, New York ("which way you go depends on size and complexity of the account"); **R.D. O'Connor,** vice-chairman and ceo, Marschalk Campbell-Ewald Worldwide, New York ("many move toward fees but others prefer the commission simply because it's easier"); **Louis T. Hagopian,** chairman and ceo, N W Ayer, New York ("there's a need for both systems"), and **Franklin E. Schaffer,** chairman and ceo, Doremus & Co., New York ("the fee trend will continue—slowly—but will not prevail because commissions work well for many accounts").

The minority who saw fees ultimately prevailing were eloquent in their defense. **Jack Connors,** president. Hill, Holliday, Connors, Cosmopulos, Boston, said: "Fifty per cent of our income comes from fees or time charges. This is perhaps the highest percentage among the top 100 agencies."

Asserting that the commission system "provides a disincentive" and "encourages mediocrity," Mr. Connors said: "If there is to be new blood, new ideas for successful startups, fees may well be the only hope for newer, smaller agencies. Commissions have no relevance to time, and time—*i.e.*, salaries—is the largest expense at every agency in the world.

"The largest agencies perpetuate the commission system. They can live on thinner margins, satisfied by making them up in volume. The move toward change will not be led by the mighty but, after all, throughout history, the mighty, more often than not, promoted the status quo."

An exception, **John O'Toole,** chairman, Foote, Cone & Belding, New York, agreed that fees will win out eventually: "Big advertisers feel that 15% results in excess agency profit. On the other hand, 15% isn't sufficient to service many small accounts. It certainly won't cover cable and the new technologies.

"The fee system will foster greater client confidence in agency spending and media recommendations."

Fee proponents invoked professionalism and relevance of compensation to service. Pushing professionalism, **Harold J. Shoup,** president, Carr Liget, Cleveland, explained: "Commissions may be acceptable for agencies doing only media advertising, but there are fewer and fewer of these agencies. The stature of the industry will improve greatly when we are compensated on a professional service basis."

Arthur E. Earley, chairman, Meldrum & Fewsmith, Cleveland, agreed: "Large advertisers, heavy in tv, have found that commercials can be created and placed for less than 15%, thus providing impetus for reduced commissions, which really amounts to a fee.

"As advertisers have demanded more services, a fee structure had to be devised. We've been working with fee structures for major clients since 1960, and experience has shown us that this system adds stability and professionalism to the relationship."

Edward Eskandarian, president, Humphrey Browning MacDougall, Boston, stressed relevance: "As agency costs continue to rise, we must charge clients based on the amount of effort required, rather than the amount of media dollars spent."

Robert L. Flink, president, Grant/Jacoby, Chicago, who related the fee trend to current economic conditions, said he believes that fees should prevail but won't. "The problem with 15%," he said, "is that compensation is either too little or too much, completely related to media rather than the creative solution."

George H. Gruenwald, chief creative officer, Campbell-Mithun, Minneapolis, predicted agency services will expand, increasing use of fees. "We have added special services in programing, direct marketing, public relations, sales promotion, food service institutional, multimedia presentations and production of broadcast stimulus materials for audience research," he said. "And more's to come."

Others on the fee bandwagon: **R. Joseph McIntyre,** chairman and president, Sieber & McIntyre, Chicago: "It's just good business. The commission system is 1880-style."

Bruce Crawford, president, BBDO International, New York: "Fees allow agencies to earn reasonable profits on all clients, rather than very high profits from some clients and very low profits on others."

Irwin Gerson, president, William Douglas McAdams Inc., New York: "The fee trend results from increased agency costs and improved cost accounting. Also, some clients are more comfortable with fees, as they can understand precisely what they pay for."

Richard S. Seclow, president, Geer, DuBois, New York: "Advertisers are becoming more involved in agency profits. They are concerned that agencies have (1) large cash flows and (2) higher return on investment than advertisers."

John H. Newhall, chairman and ceo, Aitkin-Kynett Co., Philadelphia: "With commissions, agencies can't earn a fair profit on smaller or more complex accounts."

But the proponents of fees are in the minority, AA's survey indicated. The majority, seeing 15% prevailing in the forseeable future, accepted fees only for small or special accounts or as a supplement when needed.

Carl Spielvogel, chairman and ceo, Backer & Spielvogel, New York, summed it up: "The commission system is still the fairest. It has worked for years and continues."

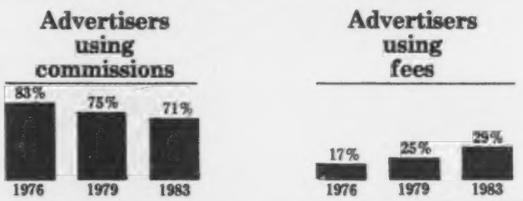
Of the 29 agency chiefs surveyed, only five reported that they had switched to fees on some accounts in 1982-1983. One of these, **Clarence M. Thompson Jr.,** ceo, Colle & McVoy, Minneapolis, concluded: "We have found a receptive attitude to fees when we can prove, through our cost accounting system, that the agency is not making a profit."

At Eisaman, Johns & Laws, which made "no significant changes," commission-oriented Mr. Laws added this to the profit picture: "We try for an operating profit of 15% to 20% of gross income—before profit sharing, taxes, investments to increase our capability and stability, or other discretionary expenditures. The client who doesn't meet our goal must (1) grow, (2) pay fees over and above the norm, (3) accept less service or (4) no service. Any agency that believes otherwise cannot survive."

The heart of the question, of course, is what system best permits the agency to deliver a good product at a fair profit. For achieving that, Mr. Bowen at Benton & Bowles had this final comment: "Agencies shouldn't be bashful about asking for decent profits. Clients want good profits to reward their shareholders and to motivate their people. Heaven knows, agencies have the same desires."

Merle Kingman is director of special projects with Crain Communications Inc.

Fees vs. commissions



A study for the Assn. of National Advertisers indicates that fee compensation is on the rise and commission payments are declining. But agency chiefs surveyed for this article believe the trend will not continue.

adbeat Creativity key to selecting agency

CHOOSING AGENCY: In choosing an advertising agency, a company ranks creativity first, chemistry second and financial soundness third, according to a survey by Vinokur Advertising. Los Angeles-based Vinokur also polled company presidents, marketing directors and product managers on the reasons corporations send agencies packing. Named in order of importance were: Dishonesty, lack of attentiveness and enthusiasm, loss of interest in the account and a lack of creativity. . .

CANDY BIRTHDAY TO YOU: Kraft Inc. celebrates the 50th anniversary of Kraft caramels this fall with the "Caramel Apple Pickin'" sweepstakes featuring both an instant winner game and a second-chance drawing for prizes including $20,000 in cash, a $10,000 car and a $3,000 vacation. The contest, running through next July, will be advertised in page ads in October issues of *Family Circle, Good Housekeeping, Parents, People, True Story, TV Guide, Woman's Day* and *Working Mother*. Foote, Cone & Belding, Chicago, handles. . .

"READER" TIMES TWO: *McCall's* second annual "Reader of the Year" promotion, in the September issue, drew a 60% increase in ad revenues and a 66% increase in ad pages versus year-earlier figures. The special section reporting on the choice of Bonnie Howard of Tipton, Mo., carries 20.4 ad pages, bringing in $1.3 million. . .

(PAUL) NEWMAN'S OWN SALAD DRESSING will be launched in Australia in late September by distributor Mauri Brothers & Thompson. No ad support yet. . .

PICTURE PERFECT: Eastman Kodak has signed a three-year agreement to sponsor the children's play areas at Marriott's Great America Theme Parks in Gurnee, Ill., and Santa Clara, Cal. Marriott theme park marketing vp Thomas Kempton said the sponsorship gives Kodak "the opportunity to promote, sample product and conduct consumer product research" in the two parks. . .

TRIPLE-PLAY: George F. Valassis & Co., producer of freestanding inserts; the National Football League Players Assn., and the Muscular Dystrophy Assn. are teaming up to involve the nation's marketers in a coupon extravaganza that will aid the MDA's 1984 fund raising. Consumer promotions and sweepstakes begin next year, with the minimum donation by marketers set at $50,000. . .

VENDING FOR DOLLARS: The National Automatic Merchandising Assn. says net profit for U.S. vending companies was 2.8% of sales in 1982, compared with 3.7% in 1981. Average sales per vending machine in 1982 were $3,607, down from 1981's average of $3,688. Cigarets continue to account for the largest share of vending concerns' sales, but the 9.4% share for tobacco products in 1982 is down sharply from 1981's 11.4%. . .

SUNDAY COMICS: Marvel Comics Group, New York, and the *Dallas Times-Herald* will publish the first of four Sunday comics book supplements Sept. 18. Each supplement will have a regional slant, with the first keyed to that day's Dallas Cowboys-New York Giants National Football League game. Ads to be placed in the comics will be sold by the newspaper. House ads, boards in Texas Stadium where the game will be played and spots on 12 radio stations back the project. Since 1980, Marvel has been studying the potential for comics books as a national Sunday supplement vehicle. . .

WHODUNIT? William Morrow & Co. will pay $10,000 to the reader who provides the best solution to "Who Killed the Robins Family?" a murder mystery created by Bill Adler and written by Thomas Chastain, published by Morrow this month. Freestanding displays, counter cards, window banners and buttons are being used to promote the contest. The answers to the mystery are being kept in a sealed vault until the contest ends April 15. . .

HOW HIGH HIGH TECH? A "consumer magazine" look for high-tech component advertising is on its way, according to attendees of the Carmel Advertising Research Seminar in Carmel, Cal. Jerry Eimbinder, publisher of Hearst's *Integrated Circuits*, which sponsored the seminar, says readers are seeking to find out "how the product differs from existing products which are similar," rather than wanting to see "a lot of data". . .

LABELERS: Energy-use labeling would be extended to central air conditioners, heat pumps and pulse combustion and condensing furnaces under proposals released by the Federal Trade Commission staff for public comment. The FTC-designed labels are meant to facilitate comparison shopping for major appliances. . .

WISH LIST: Avon this fall will be asking, "And what do you want for Christmas?" in a 12-page print ad from Ogilvy & Mather. Inside, Avon suggests its Louis Feraud fragrance and a spread of accessories as well as two new fragrances, Cordovan for men and Pavi Elle for women. The last spread also introduces the company's Gallery Originals upscale gift catalog nationally. The 12-page ad is part of Avon's effort to increase its consumer advertising and help support its field sales representatives. . .

FLASHBACK: Marine Jahan, the dancer who did the dancing in "Flashdance" but didn't get the credit, is now doing some hoofing for a women's footwear marketer called 9 West. The company, which operates out of Stamford, Conn., has hired Margeotes Fertitta & Weiss for a $1.5 million national broadcast and print campaign called "What the best addressed women are wearing." Ms. Jahan won't be in the ads, however. Instead, the real flashdancer will make special store appearances for the company. Seems the dancer came up short against the actress once again: Jennifer Beals was just signed to do advertising for Winston Mills (AA, Aug. 15). . .

TRAVOLTAGE: John Travolta seems to have hit on something. First, when agreement couldn't be reached on starring in the long-delayed movie version of "A Chorus Line," he agreed to do "Staying Alive," Paramount's sequel to "Saturday Night Fever," when its story line was altered to have Tony Manero dance in a Broadway musical. Now, he's agreed to be directed by Brian De Palma in "Fire," about a self-destructive rock star. Earlier, Mr. Travolta had considered portraying the late Jim Morrison (whose biggest hit, with the Doors rock group, was "Light My Fire") in another movie project. . .

LICENSING ROYALTIES total $39 billion worldwide, according to Herbert E. Mecke Associates, New York-based management and marketing consultancy that has published a 130-page report titled "Opportunities in Licensing."

FLASH REPORT: Newspaper advertising investment for May

May 1983		IN 100 THOUSANDS / IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR		1983	1982	ACTUAL $ GOR L	% GOR L
Department stores	1983		$71,252,248	$58,017,862	+13,234,386	+22.8
	1982					
Food stores	1983		22,988,311	19,219,868	+3,768,543	+19.6
	1982					
Radio, tv, phonographs, records	1983		11,235,445	9,269,962	+1,965,483	+21.2
	1982					
Alcoholic beverages	1983		2,654,964	2,016,034	+638,930	+31.7
	1982					
Cameras, photo supplies & services	1983		1,060,823	785,480	+275,343	+35.1
	1982					
Beverages: coffee and tea	1983		142,972	513,547	-370,575	-72.2
	1982					
Beverages: soft drinks, diet non diet	1983		721,982	318,981	+403,001	+126.3
	1982					
Soaps, cleansers & polishes	1983		68,028	157,315	-89,287	-56.8
	1982					
Cold, cough & sinus remedies	1983		7,091	42,204	-35,113	-83.2
	1982					
Headache remedies & sedatives	1983		77,483	0	+77,483	- -
	1982					
Publishing & media	1983		11,358,546	11,170,594	+187,952	+1.7
	1982					
Sporting & Leisure time equipment	1983		1,544,390	1,194,372	+350,018	+29.3
	1982					
Cigarettes	1983		6,519,793	7,541,204	-1,021,411	-13.5
	1982					
Cosmetics, makeup & manicure products	1983		208,536	106,501	+102,035	+95.8
	1982					
Airlines	1983		12,423,407	12,163,067	+260,340	+2.1
	1982					
Passenger cars-new	1983		10,343,529	11,560,525	-1,216,997	-10.5
	1982					

This Flash Report of newspaper advertiser investment, compiled for Advertising Age by Media Records, is derived from tabulations that cover 35 dailies and 25 Sunday editions in 14 cities: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Los Angeles, Miami, New York, Philadelphia, Pittsburgh, San Francisco and Washington. The Washington Star ceased publication Aug. 7, 1981, and so, for comparability, has been excluded from this report.

Source: Media Records Inc.

Soft drinks lead newspaper ad spending

NEW YORK—Newspaper advertising spending for soft drinks increased 126% to $722,000 in May, the strongest gain among 15 categories surveyed that month by Media Records Inc. for ADVERTISING AGE.

The biggest single dollar gain was recorded by department stores, which increased their spending by 23% to $71.3 million.

Other increases were shown by cosmetics, makeup and manicure products, up 96% to $209,000, cameras, photo supplies and services, up 35% to $1.1 million, and alcoholic beverages, up 32% to $2.6 million.

The largest declines were recorded by cold, cough and sinus remedies, down 83%, and coffee and tea, down 72%.

This Flash Report of newspaper advertiser investment, compiled for AA by Media Records, is derived from tabulations that cover 35 dailies and 24 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown, O.

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